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Greece

Cotton and Products Annual

2019

Approved By:

Fred Giles

Prepared By:

Dimosthenis Faniadis

Report Highlights:

Greece is the EU's main cotton grower, accounting for more than 80 percent of total European production. In MY 2018/19, cotton production is estimated at 1.41 million bales, up 16.2 percent from the previous season due to favorable weather conditions during harvest and good yields, which are expected to be higher than last year in the major cotton growing districts of Thessaly and Macedonia.

Greece is a major cotton exporter. Turkey was the main destination in MY 2017/18, accounting for approximately 45 percent of all exports.

Cotton Lint

Table 1: Production, Supply, and Demand (1000 480 lb. Bales)

	2017/2018		2018/2019		2019/2020	
Cotton	Market Year Begin: Aug 2017		Market Year Begin: Aug 2018		Market Year Begin: Aug 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	230	230	245	245		260
Beginning Stocks	33	33	87	89		102
Production	1,240	1,222	1,350	1,410		1,470
Imports	30	30	25	23		23
Total Supply	1,303	1,285	1,462	1,522		1,595
Exports	1,076	1,076	1,200	1,280		1,330
Use	90	95	90	90		90
Loss	50	25	50	50		50
Total Dom. Cons.	140	120	140	140		140
Ending Stocks	87	89	122	102		125
Total Distribution	1,303	1,285	1,462	1,522		1,595

(1000 HA), 1000 480 lb. Bales

Source: FAS estimates based on Greek industry contacts

Production

Greece is the EU's main cotton grower, accounting for more than 80 percent of total European production. Cotton is a crop of high importance for Greek agricultural production, accounting for more than 8 percent of total agricultural output. Thessaly, Macedonia, Thrace and Mainland Greece are the major cotton-producing areas. Cotton in Greece is planted from March 1 to April 15 and the crop life cycle is usually 170 to 210 days, depending on the variety and weather conditions. The harvest normally occurs from October 1 to November 30, and most of the cotton is machine harvested.

Greece's MY 2018/19 cotton production is estimated at 1.41 million 480 lb. bales, up 16.2 percent from the previous season due to favorable weather conditions during harvest and good yields, which are expected to be higher than last year in the major cotton growing districts of Thessaly and Macedonia. MY 2018/19 cotton acreage increased 6.5 percent, registering 245,000 ha, at the expense of durum wheat and corn acreage. Area planted to cotton in MY2019/20 is expected to further increase by approximately 6 percent.

The Ministry of Rural Development and Food granted cotton farmers six special exemptions for

acaricides, three for herbicides, and one for a plant growth regulator for use during the period between March and December, 2018.

Greek ginning companies have a high production capacity, as most of the ginning units were built in the 90's, but cotton production has significantly decreased since then. Nearly 80 percent of the companies are privately owned while the remainder are cooperatives. Greece's financial crisis has negatively affected the cotton market, creating greater risk and uncertainty. Without help from the banks many ginneries and cooperatives are unable to store their stocks with current market prices. There is also debate concerning the survival of cooperatives that accustomed to receiving large agricultural loans that are no longer available. Ginners generally do not contract with growers but compete with each other to purchase the crop.

Consumption

Domestic spinners consume approximately 10 percent of lint production and the remainder is exported. The supply of ginned cotton is fragmented, since even the largest enterprises cover only a small part of domestic production. Most production units are involved in intense export activity, selling their products to foreign markets. About 55 percent of cottonseed production is crushed for oil and oilseed cake or retained for seed. Cottonseed meal is used for feed for sheep and goat livestock; cottonseed oil is traditionally used in foods and snack-food manufacturing industries or converted into biodiesel.

Trade

Greece is a major cotton exporter. Cotton lint exports during MY 2017/18 rose by 5.9 percent driven by increased production. Turkey was the main destination, representing 45 percent of total exports, followed by Egypt (20.5 percent), and Indonesia (7.9 percent). During the second half of the year, however, exports were negatively affected by the fall of the Turkish Lira against the Euro; exports to Turkey are forecast to recover during the first half of 2019. Cotton lint imports increased 12.4 percent during MY 2017/18 but generally only small amounts of cotton are imported for blending by the domestic spinning industry.

Table 2: Cotton Lint Exports (480 lb. bales)

	Aug-Jul 15/16	Aug-Jul 16/17	Aug-Jul 17/18
EU-28	24,898	46,279	52,815
Germany	10,770	18,225	25,091
France	0	1,010	12,038
Italy	3,647	13,572	7,560
Bulgaria	6,655	4,873	5,158
Extra EU-28	934,471	970,328	1,023,390
Turkey	499,177	364,589	480,006
Egypt	199,964	152,969	220,490
Indonesia	85,622	176,668	85,071
Bangladesh	8,318	42,889	45,686
Pakistan	3,394	2,549	38,709

China	0	63,737	33,065
World	959,369	1,016,607	1,076,205

Source: GTA (Global Trade Atlas)

Table 3: Cotton Lint Imports (480 lb. bales)

	Aug-Jul 15/16	Aug-Jul 16/17	Aug-Jul 17/18
EU-28	4,496	7,188	7,294
Bulgaria	2,255	3,922	6,274
Germany	110	1,258	987
Italy	5	9	23
Extra EU-28	23,025	19,764	23,006
Turkey	15,226	12,897	13,434
Israel	0	822	3,835
Brazil	0	0	1,874
World	27,521	26,952	30,300

Source: GTA

Policy

The future of the cotton sector in Greece is strictly related to the subsidy scheme and how CAP reform is implemented. Starting in 2015, the new CAP amended Greek farmers' historical rights, determining that should a farmer not cultivate more than 50 percent of their land they would not qualify for aid. In order to link Greece with the Europe 2020 strategy for smart, sustainable and inclusive growth, the European Commission organized an extensive public outreach effort to develop the new CAP in Europe. In October 2018, the Ministry of Rural Development and Food announced that the digital transformation of Greek agriculture project, the first national digital agriculture infrastructure in Europe, has received EU approval. The project is designed to cover half of the arable land in Greece, approximately 15 million acres and 20 of the country's most exported crops, including cotton. The data will be classified into a data warehouse in cloud infrastructures where it will be processed to provide tailored services to meet the needs of each producer.

From 2014 onwards, the allocation of direct payments dedicated to coupled support depends upon the choices made by Member States. The crop-specific payment for cotton is a coupled payment granted per hectare of eligible area of cotton. The area is only eligible if it is located on Greek agricultural land authorized for cotton production, sown with certified varieties and actually harvested under normal growing conditions. Additionally, the Ministry of Rural Development and Food publishes an annual list in the Government Gazette that sets the minimum amounts of cotton delivered to the ginneries in order to receive the subsidy. Three categories of producers are identified according to the size of the land cultivated: cotton producers with less than 10 hectares; cotton producers with 10-15 hectares; and cotton producers with more than 15 hectares. Producers with less than 10 hectares receive the basic area payment (70 percent) and a green aid (30 percent). Producers that cultivate an area from 10-15 hectares need to follow different rules to obtain the green aid. These farmers must cultivate at least two crops and the main crop cannot exceed 75 percent of the total cultivated area. Producers with more than 15 hectares must also maintain an "ecological focus area", equivalent to at least 5 percent of the total arable area of the farm. The ecological focus area can be cultivated with

alfalfa, legumes, vetch (*Vicia sativa* plant), or left uncultivated. The second pillar is focused on increasing competitiveness and innovation and managing climate change and the environment. Its purpose is to set the EU's rural development policy. The future of Europe's post-2020 agricultural policy is currently being discussed specifically focusing on direct payments, environmental measures, and rural development.

Textile products

According to the Hellenic Association of Textile Industries (SEVK), the Greek textile industry has been suffering from increased third-country imports (mainly from China, Pakistan, and Turkey). This has affected the sector in Greece, forcing many small Greek companies to shut down. As a consequence, the sector has shrunk approximately 70 percent compared to the 80's, with a high unemployment rate. According to the Hellenic Fashion Industry Association (SEPEE), the economic crisis has also affected the textile manufacturing industry. However, in 2017 the two branches of clothing and footwear manufacturing, and textile that were almost non-existent during the economic crisis, experienced an increase by 16.7 percent and 6.3 percent, respectively. Cotton yarn exports in 2018 decreased by 1.1 percent, mostly due to decreased exports to Italy and Bulgaria, while imports increased 7.3 percent with the main suppliers being Turkey, Bulgaria, India, and Croatia.

Table 4: Cotton Yarn Imports (480 lb. bales)

	2016	2017	2018
EU-28	6,040	6,908	6,752
Bulgaria	3,950	3,399	4,069
Croatia	951	1,548	1,571
Germany	583	1,456	528
Italy	234	119	207
Extra EU-28	18,707	19,993	22,120
Turkey	15,735	17,164	18,638
India	1,511	1,640	2,448
Egypt	1,029	730	836
Pakistan	147	280	161
World	24,747	26,901	28,871

Source: GTA

Table 5: Cotton Yarn Exports (480 lb. bales)

	2016	2017	2018
EU-28	45,379	41,341	39,656
Germany	12,190	11,459	11,960
Italy	10,656	8,966	8,332
Bulgaria	3,119	4,005	3,702
Czech Republic	1,355	2,613	3,592
Extra EU-28	2,131	2,572	3,610
Switzerland	1,185	1,419	2,182

Turkey	129	9	675
Tunisia	175	671	294
Serbia	106	243	289
World	47,510	43,913	43,266

Source: GTA

Table 6: Cotton Fabric Imports (480 lb. bales)

	2016	2017	2018
EU-28	4,584	4,478	5,130
Italy	2,352	2,329	1,810
Netherlands	184	207	1,438
Spain	726	643	611
Bulgaria	377	514	418
Extra EU-28	11,381	18,193	13,871
China	2,549	8,557	6,035
Pakistan	5,677	5,819	5,470
Turkey	2,214	2,958	1,929
Israel	326	285	179
World	15,965	22,671	19,001

Source: GTA

Table 7: Cotton Fabric Exports (480 lb. bales)

	2016	2017	2018
EU-28	3,261	8,593	5,153
Italy	271	5,691	3,592
Bulgaria	2,737	2,499	1,263
Cyprus	101	83	69
Extra EU-28	1,304	1,865	1,640
Albania	703	1,075	749
Turkey	225	243	455
North Macedonia	230	367	308
World	4,565	10,458	6,793

Source: GTA

Abbreviations and Definitions Used in this Report

The PSD tables are prepared based on an August 1 to July 31 marketing year.

HS codes considered for Lint Cotton trade data: 5201

HS codes considered for Yarn Cotton trade data: 5204, 5205, 5207

HS codes considered for Fabric Cotton trade data: 5208, 5209

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

1 MT = 4.593 480 lb. bales

480 lb. bale equivalent to 218 kg bale